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USSR-CHINA: Little Progress in Talks

The Sino-Soviet talks in Moscow seem to be moving slowly, with both sides reluctant to offer initial concessions. [redacted]

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A Chinese diplomat says the delegations are meeting twice a week, as they did in Beijing last October. The sessions have involved little give and take thus far, and no new ground has been broken. [redacted]

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The Chinese, meanwhile, publicly continue to insist that Soviet actions in Indochina, Afghanistan, and Mongolia pose a grave threat to China's security. A commentary yesterday in *People's Daily* ridiculed Moscow's contention that these are not appropriate subjects for the talks because they involve the "internal affairs" of third countries. [redacted]

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Izvestiya political observer Aleksandr Bovin, who reputedly is close to General Secretary Andropov, said last month in Beijing that Andropov would "introduce new approaches" in Soviet policy toward China. He also said Beijing would "come away with something" from the current talks. [redacted]

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Defense Minister Ustinov met with Mongolian Defense Minister Yondon the day before the talks resumed in Moscow. A Soviet expert on China implied in a subsequent conversation with a US diplomat that the discussions touched on Soviet troop reductions in Mongolia. [redacted]

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Comment: Each side appears willing to be patient in hopes of forcing the other to offer concessions. They may use the trade talks, which reportedly will be held in Moscow over the next two weeks, as a way to gauge each other's intentions. A substantial increase in trade to the levels of the late 1970s would be read as a positive sign by both sides. [redacted]

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Last October Moscow reportedly told the Chinese that they would have to take up with Ulaanbaatar the question of the five Soviet divisions in Mongolia. Moscow, however, may be prompting some Mongolian initiative on the issue. The Soviets could make withdrawals in return for a pledge by China not to attack Mongolia or station troops closer to it. [redacted]

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FRANCE: Results of Municipal Elections

The full dimensions of the setback suffered by the governing coalition in the first round of the municipal elections will not be apparent until the second round of voting next Sunday. [redacted]

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The opposition gained 51.3 percent of the vote in the elections, the first nationwide balloting since the left came to power in 1981. Six members of the cabinet and Socialist Party First Secretary Jospin lost their local power bases. Nine other members of the cabinet, including Prime Minister Mauroy, Minister of the Interior Defferre, and Minister of Defense Hernu, have been forced into embarrassing runoffs. [redacted]

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At this stage the opposition has added 15 cities to the list of 73 of the 232 largest cities that they already controlled. Most observers believe that next weekend the opposition is certain to pick up more from the 67 still undecided. They also believe that the shift may negate the left's gains in the last municipal elections in 1977, when the combined leftist vote led to a net gain of 61 mayoral seats. [redacted]

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Comment: The opposition evidently has succeeded in making the Socialists' economic policies the major issue. Public attention probably will now focus on the government's handling of the need for more austerity measures and another devaluation. The government had delayed action on these issues in hopes of minimizing its election losses. [redacted]

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The Socialists appear to have been the principal losers, although the Communists also lost some longtime strongholds. The poor showing by many cabinet members may persuade President Mitterrand that a cabinet shuffle is in order, even though he is under no constitutional obligation to take such action. There already is speculation that Mauroy is in jeopardy, even if he wins his runoff. [redacted]

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USSR: Anticorruption Campaign

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[redacted] the military will not be exempt from the leadership's anticorruption campaign. [redacted]

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Red Star, the military newspaper, announced in January that there would be extensive investigations focusing on material and technical allocations and supplies in military units, military production plants, and local planning organizations. Independent special control commissions will inspect military units annually and "high staffs" every two years. In December *Red Star* carried a pointed article about a commander who was cashiered for permitting pilferage and unauthorized use of unit property. [redacted]

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There also have been signs that the military is placing greater emphasis on discipline and managerial efficiency. [redacted]

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[redacted] The US attache in Moscow recently reported that officials in the Moscow area are calling up reservists to check their records. [redacted]

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Comment: The actions being taken to ensure the more effective use of resources and elimination of wasteful practices indicate that the military, despite its privileged position, is not exempt from the campaign against corruption. Military newspapers have denounced corrupt servicemen in the past. Military commanders now seem to be taking more energetic measures, however, to attack black marketeering of military property, frequent bribery of local officials to avoid reserve duty, and other chronic problems. [redacted]

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SAUDI ARABIA - LEBANON: Trade Restrictions

Saudi Arabia is restricting imports from Lebanon, apparently because of unhappiness with Lebanon's handling of Palestinian issues as well as concern that Israeli goods have entered Arab markets via Lebanon. (C)

The US Embassy in Beirut has obtained a circular letter allegedly issued by Riyadh prohibiting temporarily the importation of certain foods and manufactured items from Lebanon and requiring strict inspection and an acceptable certificate of origin on all other goods from there. The letter cited concern that Israeli goods have circumvented the Arab boycott by being transshipped through Lebanon. [redacted]

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Comment: Contradictory claims by the Lebanese and the Saudis make it difficult to assess the impact of Saudi restrictions. The US Liaison Office in Riyadh reports that customs officials and Lebanese merchants in Saudi Arabia are playing down the effect. The Lebanese claim, however, that the restrictions are having a devastating impact on their exports. [redacted]

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The Saudis, in their talks with US officials, have not linked the trade restrictions to their reported concern about the Palestinians. [redacted]

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For Riyadh, the restrictions also serve to warn Beirut not to be too accommodating to Israel in the current negotiations on troop withdrawals. [redacted]

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USSR: Antidissident Activity

A court in Moscow last week convicted a dissident of conducting operations for an anti-Soviet organization of emigres in West Germany. During the same period a court in Kiev convicted a dissident poet of slandering the state in her unpublished poems, some of which had been read on the Voice of America. In addition, a Soviet citizen who was arrested in 1981 "confessed" on Leningrad television to having been associated with the Solzhenitsyn Fund and claimed it was actually a CIA operation. The US Consul General in Leningrad has reported that a local official recently demanded the Consulate clear through official channels all contacts with Soviet citizens. [redacted]

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Comment: The authorities appear to be intensifying efforts to stop contacts between dissidents and foreigners. The two trials and the confession stress the common theme of involvement with foreign--primarily US--"subversive" organizations and suggest that more of those arrested last year may be tried soon. The demand to curtail Consulate contacts in Leningrad could presage increased harassment of foreigners in Moscow. [redacted]

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USSR-NORWAY: Sakharov Willing To Leave

Soviet dissident Andrey Sakharov has told the Norwegians through their Embassy in Moscow that he will accept their offer of permanent asylum, according to a message passed by his wife to US Embassy contacts. Last month Sakharov's wife indicated for the first time his willingness to consider emigration in view of his rapidly declining health. Norwegian officials have stated publicly that Sakharov is welcome, but Soviet authorities have not said whether they will grant permission. (C NF OC)

Comment: The leadership may believe that the embarrassment of Sakharov's emigration would be preferable to the publicity that would attend his death in the USSR. [redacted]

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Gulf Cooperation Council Members



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PERSIAN GULF: Greater Military Cooperation

The six-country Gulf Cooperation Council is taking steps toward increased military cooperation. Planning is under way for the group's embryonic Rapid Movement Force to hold an exercise in October in the United Arab Emirates. According to a senior Omani official, 4,000 to 5,000 troops--mainly from Saudi Arabia--will test transport, stockpiling, and prepositioning of equipment in the first of what are intended to be annual exercises. Oman is concluding maneuvers involving a simulated terrorist landing, and in January the UAE conducted its first major exercise in four years to test countermeasures against possible sea assaults and airborne landings on oil facilities. [redacted]

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Comment: The mobile force is a response to the threat of Iranian military attacks and subversion, such as the Tehran-backed coup attempt in Bahrain in December 1981. The Council realizes that the force is unlikely to be combat capable for several years but hopes its existence will deter active dissidence among Shia fundamentalists. [redacted]

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AUSTRALIA: Hawke Reaffirms Ties to ANZUS

Prime Minister - elect Hawke's initial remarks indicate he will pursue a more independent foreign policy but will stop short of taking actions that would compromise US security interests in the area. After his victory Hawke publicly reaffirmed his commitment to the ANZUS alliance, although he said his government plans to review the 30-year agreement. He also said he had no problems with the staging of B-52s through northern Australia but would consider ways to increase Australian involvement at the North West Cape joint communications facility. [redacted]

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Comment: Hawke's stated intention to address domestic problems--primarily the economy--as the government's first order of business suggests he will not take up bilateral issues in the early months of his term in office. [redacted]

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CUBA: Debt Rescheduled

Western creditors reached a debt rescheduling agreement with Cuba last week, according to the US Embassy in Paris. Ninety-five percent of Cuba's medium- and long-term principal due from September 1982 to December 1983 was rescheduled for eight years, including a three-year grace period. The creditors established performance targets for trade and current account balances, growth rates, debt and reserve levels, and a monitoring system to review Cuba's performance. Provisions for rescheduling principal due in 1984 were linked to Havana's compliance with the targets. [redacted]

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Comment: The agreement's terms were slightly more strict than other recent debt reschedulings, and the Cubans will be hard pressed to meet some of the targets. They particularly will have trouble achieving a positive current account balance and an economic growth rate of 2 to 2.5 percent. The current account balance at the end of 1983 probably will be negative, and growth for this year is likely to be less than 1 percent. Havana thus may find negotiations for rescheduling principal due in 1984 to be more difficult. [redacted]

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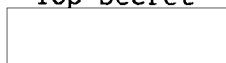
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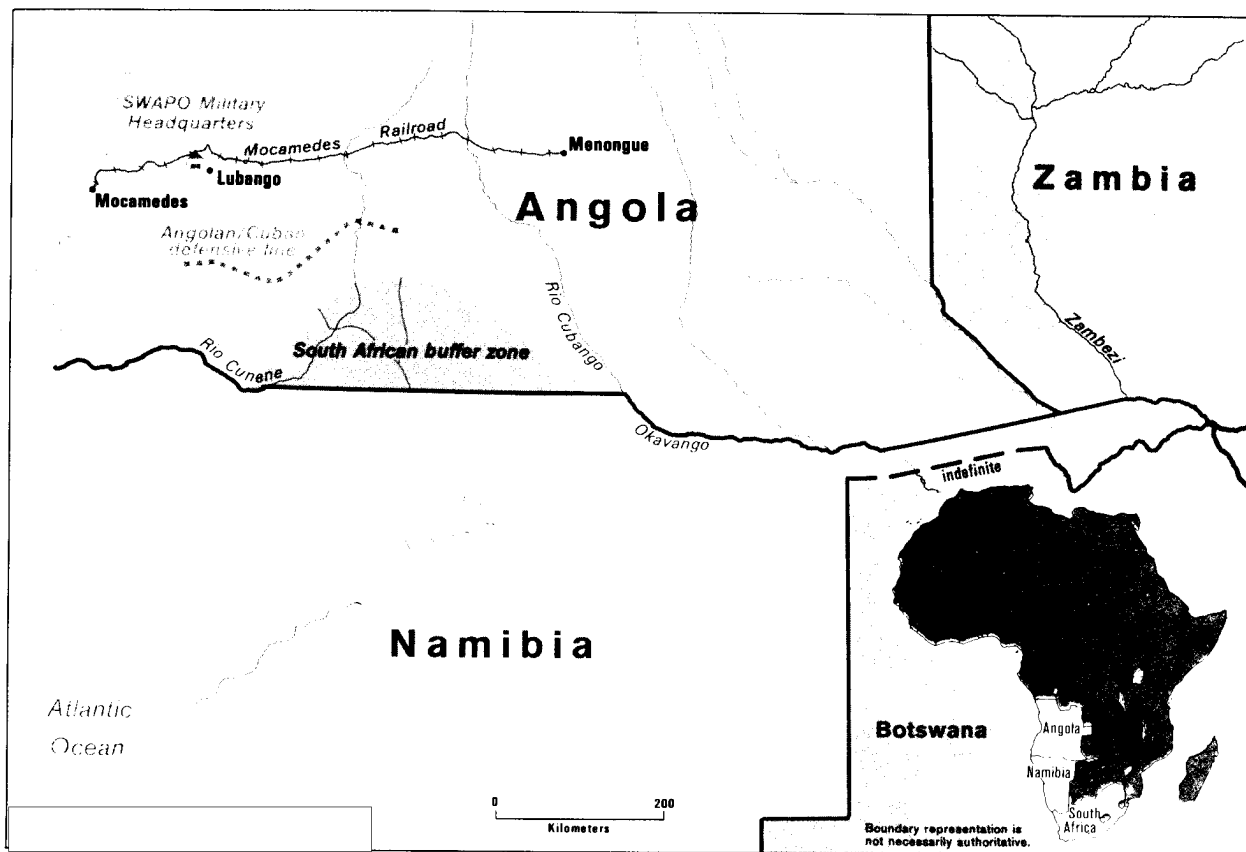
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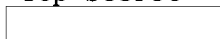
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Special Analysis

NAMIBIA: Status of the Settlement Process

South Africa has taken a hard line in talks with Angola following increased SWAPO guerrilla activity in Namibia and may retaliate militarily. The Frontline States, meanwhile, are again showing frustration over South African and US policy linking a Cuban troop withdrawal in Angola to a settlement on Namibia. The subject may be placed before the UN Security Council this spring. [redacted]

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The talks between South African and Angolan officials in Cape Verde late last month made no progress. South African officials say Pretoria's representatives refused to discuss a cease-fire--the ostensible purpose of the meeting--unless Angola agreed to a timetable for a Cuban troop withdrawal. The South Africans also charged Angola with complicity in recent SWAPO raids and warned that their forces may strike deeper into Angola if it does not restrain the insurgents. [redacted]

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[redacted] South African forces are involved in sweep operations across a broad front in northern Namibia and southern Angola. Pretoria's actions are partly a response to increased SWAPO attacks in Namibia in recent weeks. There is no evidence thus far, however, to confirm South African claims that up to 700 guerrillas have infiltrated northern Namibia. [redacted]

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Over the past two months Pretoria has augmented its supplies and troops in northern Namibia and may have been planning an operation in Angola before the SWAPO attacks. Its forces now could launch a major incursion into Angola with little warning. [redacted]

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[redacted] the Angolans have improved their ability to resist South African military attacks by building up their forces at bases along the Mocamedes railroad and along their forward defense line. President dos Santos, meanwhile, appears to be slowly strengthening his hand within the regime. There is no indication, however, that he or other Angolan leaders are prepared to ask Cuba to withdraw its troops before South Africa leaves Namibia. [redacted]

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Pretoria's Political Concerns

South Africa's tough line is partly a result of domestic political pressures. Important parliamentary byelections are scheduled for May, and the ruling National Party probably expects rightwing opponents to charge the government with weakness in dealing with Marxist neighbors. To demonstrate firmness, Prime Minister Botha recently reiterated his determination not to allow a "red flag"--a SWAPO government--in Namibia. [redacted]

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The South Africans probably welcome a delay in the peace settlement process, especially one that can be blamed on Angola or SWAPO. Pretoria knows that, if it is to compete effectively against SWAPO in UN-sponsored elections, it has to develop a political organization with substantial support among Namibia's black population. [redacted]

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South Africa is unlikely--at least until the byelections in May--to ease apartheid restrictions on nonwhites in the territory. Such a move would be essential to win black support. [redacted]

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Frontline Hostility

Leaders of the Frontline States and, increasingly, other African heads of state are looking for ways to isolate further South Africa and the US on the Cuban troop issue. The US Embassy in Dar es Salaam reports that members of the OAU Liberation Committee recently denounced US policy in southern Africa--especially on the Cuban question--with "unmatched stridency." [redacted]

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A variety of reporting also indicates the Frontline leaders believe that members of the Western Contact Group--the US, the UK, Canada, France, and West Germany--are frustrated over the issue of Cuban linkage. [redacted]

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Possible Political and Military Actions

African leaders are likely to criticize the US on the linkage issue during debate this week at the Non-aligned Summit in New Delhi and at the UN-sponsored conference on Namibia in Paris next month.

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South Africa could strike at SWAPO bases in Angola in the near future, possibly as far north as the Mocamedes rail line. Pretoria could launch such an incursion during the current rainy season, but it may wait several months, when conditions will be more favorable for ground and air operations.

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If South Africa does attack, it will find it difficult to avoid hitting Cuban and Angolan targets. The Cubans have said repeatedly that they would fight to defend their garrisons along the Mocamedes rail line.

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